

ABSTRACT OF THE DISCLOSURE

A method of determining whether to allow a new trade of a contract in a system which determines the value of margin amounts supporting trading and evaluates the total value at risk in a portfolio of traded contracts. The system compares the value at risk in the portfolio to the value of margin amounts to calculate the excess available margin. After calculating the allowable notional trade volume, allowable notional trade quantity and the risk per unit of commodity for a new trade it determines whether the new trade has a value at risk which exceeds the excess available margin. It then approves or rejects the trade based upon a determination of whether the value at risk of the new trade exceeds the excess available margin. It also includes a second chance mechanism for rejected trades if the effect of the trade would be to increase the excess available margin of the portfolio.